How to Thrive on Change

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The business world is struggling to come to terms with the scale of disruption. That is what we have heard from many entrepreneurs and corporate leaders. They have revealed candidly in hundreds of confidential interviews and conversations with us over the past four years that they have not been mentally prepared for the scale and pace of change they face. They use the words "scared," "fear" and "overwhelmed." Our database totals over 2,500 pages of transcripts used as research in our new book, *Thinking the Unthinkable: A New Imperative for Leadership in a Disruptive Age.*

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Our key finding: The conformity that got many leaders to the top often disqualifies them from understanding the enormity of what's now happening. There is a "new normal." The pace of change and disruption is similar to that in wartime, yet we are in peace time. It challenges and overcomes conventional thinking and institutions. Conformity to outmoded systems that has previously guaranteed stability is now a negative asset. Those who understand this have a significantly greater chance of understanding, then handling disruption. It isn't easy to cast off outmoded thinking and "zombie orthodoxies." One top leader compared the enormity of simultaneous challenges to

“eating an elephant in one mouthful.”

Unexpected events are surprising and overwhelming many corporate leaders. But, often the events that undermined them are not “unthinkables,” or “black swans,” as risk management researcher Nicholas Taleb dubbed them. In reality, the destabilizing events are better termed unpalatable. They were known about, but no one dared talk about them openly to their peers and seniors. But, conformity within C-suites and boards means they often don’t want to see the “black elephant” in the room. Consequences can be severe.

Conformity can have no place at a time when both technologies and consumer behavior are changing so rapidly. Entrepreneurs have to adapt fast. This requires self-interrogation and a willingness to embrace change.

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There are grounds for optimism. Entrepreneurs have an enormous advantage. They can benefit from the agile and maverick thinking that first set them on the path to entrepreneurship. Smart entrepreneurs will realize that the current scale of disruption should not freak or destabilize.

In our research we have examined businesses that are adapting positively to disruption or disrupting themselves. As our case studies confirm, this provides new opportunities. It should stimulate digital, social, economic and political transformation so that businesses, can thrive on change.

We have distilled our findings into a process to help entrepreneurs to learn to thrive on change.

Audit the external reality.

The first step is an awareness of the tectonic shifts internationally and their impact on industry sectors and markets. These are the trends that could transform or threaten

a business. One leading Dutch company told us they gather behind closed doors annually to figure out what could destroy their business.

In many cases, organizations are prompted to grip the external reality after a shock. Safaricom is a case in point. Having provided cutting-edge mobile phone services in Kenya since 1997, the company was suddenly faced with an almost existential crisis in 2016. It came after an unfavorable internal financial audit was leaked. In a social media frenzy, young customers falsely labelled the CEO, Bob Collymore, as a "thief." Collymore realized immediately the company's brand was in jeopardy. Safaricom moved fast. It changed tariffs to make them fairer. It established the BLAZE initiative to engage 18- to 26-year-olds. Safaricom also invited millennials to help develop their products so they are "created for young people, by young people." Smart action has meant that Safaricom retained its market share and improved its brand reputation.

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Once a company understands the external threats and opportunities the next step is to discard outmoded orthodoxies that prevent their ability to respond to new disruptions.

That is what happened at OCP, the giant phosphate business at the heart of Morocco's economy. In 2016, it too faced a potential existential crisis. The response, orchestrated by CEO Mostafa Terrab, was a complete re-imagining of the internal culture. He engaged his millennials in what he labeled "Le Mouvement." It was a transformation top-down and bottom-up. After initial inevitable skepticism, Le Mouvement is now empowering every employee to think differently and think unthinkables. External consultants have been dispensed

with. Instead, OCP is tapping into the knowledge and ideas of the staff, especially millennials. All employees share ideas. One major change has been #switchtodigital: fully embracing cutting-edge technology driven by millennial mid-level employees. OCP has transformed its culture in the age of new disruption.

Address your challenges.

After re-assessing internal structures and external challenges, it is essential to develop new ways of addressing with them. Faced with consumer moves to healthier products, PepsiCo has had to transform itself. Under former CEO Indra Nooyi, PepsiCo took steps to reduce sugar, salt and saturated fat levels in their products. Under the goals of "Performance with Purpose," the number of nutritious beverages has increased. Nooyi has been at the forefront of CEOs aware of the changes in public mood. She has warned of the dangers of creating angry citizens and angry consumers – if leaders don't realize the enormity of expectations for change because of disruption.

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Thrive on change.

In this new environment, flexibility and agility are key. Singapore's DBS bank has focused on harnessing millennial employees and flattening management structures in order to counter intense competition. CEO Piyush Gupta transformed it from a traditional state bank. Then, he realized he must be far more radical to stave off the growing challenge from new Chinese banking competition. So, he has now turned DBS into what he calls "a startup." The DBS culture is now transformed. It is now a tech company that does banking. DBS has a team of 50 people driving transformation. Such is DBS's success that

it was recently awarded Global Bank of the Year. The ability, determination and energy to adapt and disrupt shown by entrepreneurs such as Gupta is essential.

Embracing change and adapting is key to surviving and thriving in this age of disruption. New technologies coming fast – such as robotics and automation and artificial intelligence – make this all the more urgent.

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